

TOWN OF NOLENSVILLE, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2016

TOWN OF NOLENSVILLE, TENNESSEE

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INTRODUCTORY SECTION

TOWN OF NOLENSVILLE, TENNESSEE

Officials of the Town of Nolensville, Tennessee

June 30, 2016

<u>Name</u>	<u>Title</u>
Elected Officials:	
Jimmy Alexander	Mayor
Jason Patrick	Vice -Mayor
Larry Felts	Alderman
Brian Snyder	Alderman
Tommy Dugger	Alderman
Management:	
Ken McLawhorn	Town Administrator
Kali Mogul	Town Recorder
Kim Hardison	CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Board of Aldermen of the
Town of Nolensville, Tennessee
Nolensville, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Nolensville, Tennessee as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting policies made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Nolensville, Tennessee as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund, Facilities Tax Fund, Impact Fund, and the Facilities School Tax Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis and the Schedule of Schedule of Changes in Net Pension Liability (Asset) and the Schedule of Contributions to the Employee Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section and the Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Introductory Section and the Supplementary Information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2016 on the consideration of the Town of Nolensville's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

John R Poole, CPA

October 31, 2016

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

TOWN OF NOLENSVILLE, TENNESSEE

Management's Discussion and Analysis

As management of the Town of Nolensville, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Town of Nolensville exceeded its liabilities at the close of the most recent fiscal year by \$13,238,782. Of this amount, \$4,023,711 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$2,925,078 due to increased revenues combined with increased expenses. Revenues were \$1,023,697 more in the current year primarily as a result of increased sales tax and user fee revenues. Expenses were \$178,491 more in the current year as a result of increased capital asset purchases in the Facilities School Tax Fund.

The Town's revenues are allowing for a partnership with Williamson County to renovate and construct a state of the art Recreation Facility within the town corporate boundaries. This is an approximate five million dollar joint venture with the Town funding 50% of the total construction/renovation cost. Upon completion of the facility, the daily management and operational expenses will be provided and funded by Williamson County.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,482,718 an increase of \$2,832,894 in comparison to the prior year. The increase was due to increased revenues by the Town. Expenses were higher in the current year as a result of increased capital asset purchases in the Facilities School Tax Fund. During the year the Town repaid \$166,000 in debt related to the Town Hall loan. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,907,331.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Town of Nolensville's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Towns assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax). Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town of Nolensville include general government, personnel, finance, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Town of Nolensville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town of Nolensville adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-25 of this report. The notes provide additional information that essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-40 of this report.

Financial Analysis of the Financial Statements -- Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Nolensville, assets exceeded liabilities by \$13,238,782 at the close of the most recent fiscal year. By far the largest portion of the Town's assets reflects its investment in cash and capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt use to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Financial Statements --Town of Nolensville's Net Position-2016

Current and other asset	\$ 13,002,522
Capital assets	<u>6,044,291</u>
Total assets	19,046,813
Deferred Outflows	124,970
Long-term debt	5,437,000
Other liabilities	<u>87,471</u>
Total liabilities	5,524,471
Deferred Outflows	408,530
Net position:	
Net investment in capital assets	607,291
Restricted	8,607,780
Unrestricted	<u>4,023,711</u>
Total net position	\$ 13,238,782

Financial Analysis of the Financial Statements --Town of Nolensville's Net Position-2015

Current and other assets	\$ 10,156,002
Capital assets	<u>6,123,233</u>
Total assets	16,279,235
Deferred Outflows	85,349
Long-term debt	5,603,000
Other liabilities	<u>65,258</u>
Total liabilities	5,668,258
Deferred Inflows:	382,622
Net position:	
Net investment in capital assets	520,233
Restricted	6,740,596
Unrestricted	<u>3,052,875</u>
Total net position	\$10,313,704

Comparison between years 2015 and 2016

	2016 Governmental <u>Activities</u>	2015 Governmental <u>Activities</u>	Change Between <u>Years</u>
Revenues:			
Program revenues:			
Charges for services	2,971,517	2,492,204	479,313
Operating grants and contributions	296,284	189,441	106,843
Capital grants and contributions	0	16,945	(16,945)
General revenues:			
Property taxes	475,568	417,503	58,065
Sales taxes	1,101,149	812,034	289,115
Other local taxes	352,520	320,274	32,246
Other state shared taxes	87,281	82,649	4,632
Other	97,177	26,749	70,428
Total revenues	<u>5,381,496</u>	<u>4,357,799</u>	<u>1,023,697</u>
Expenses:			
General government	795,437	539,966	255,471
Police department	581,461	648,587	(67,126)
Fire department	149,575	136,500	13,075
Codes department	550,085	611,365	(61,280)
Highways and streets	379,860	341,509	38,351
Total expenses	<u>2,456,418</u>	<u>2,277,927</u>	<u>178,491</u>
Change in net position	<u>2,925,078</u>	<u>2,079,872</u>	<u>845,206</u>

The assets of the Town of Nolensville exceeded its liabilities at the close of the most recent fiscal year by \$13,238,782. Of this amount, \$4,023,711 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$2,925,078 due to increased revenues combined with increased expenses. Revenues were \$1,023,697 more in the current year primarily as a result of increased sales tax and user fee revenues. Expenses were \$178,491 more in the current year as a result of increased capital asset purchases in the Facilities School Tax Fund.

Governmental Funds

The focus of the Town of Nolensville's governmental funds is to provide information on near-term inflows, outflows and balances of resources. Such information is useful in assessing the Town's financing requirements in particular, unassigned fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,907,331. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

General Fund Budgetary Highlights

The Town exceeded some expenditures within its departmental budgets during the year. A budget amendment was made during the year to account for certain expenditures. See pages 18-25.

Capital Asset and Debt Administration

Capital Assets

The Town of Nolensville's investment in capital assets from its governmental activities at June 30, 2016, amounts to \$6,044,291 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, infrastructure, machinery and equipment.

Town of Nolensville's Capital Assets-

	2016	2015
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Land	\$ 278,753	58,009
Building	4,570,055	4,570,055
Furniture	31,525	31,525
Infrastructure	2,806,155	2,806,155
Machinery and equipment	<u>346,515</u>	<u>346,515</u>
Less accumulated depreciation	(1,988,712)	(1,689,026)
Net Capital Assets	\$ <u>6,044,291</u>	<u>6,123,233</u>

Additional information on the Town of Nolensville's capital assets can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

In the 2016-2017 budget, General fund revenues are budgeted to increase from the 2015-2016 budget year primarily due to increases in local revenues. This factor was considered in preparing the Town's budget for the 2016-2017 fiscal year.

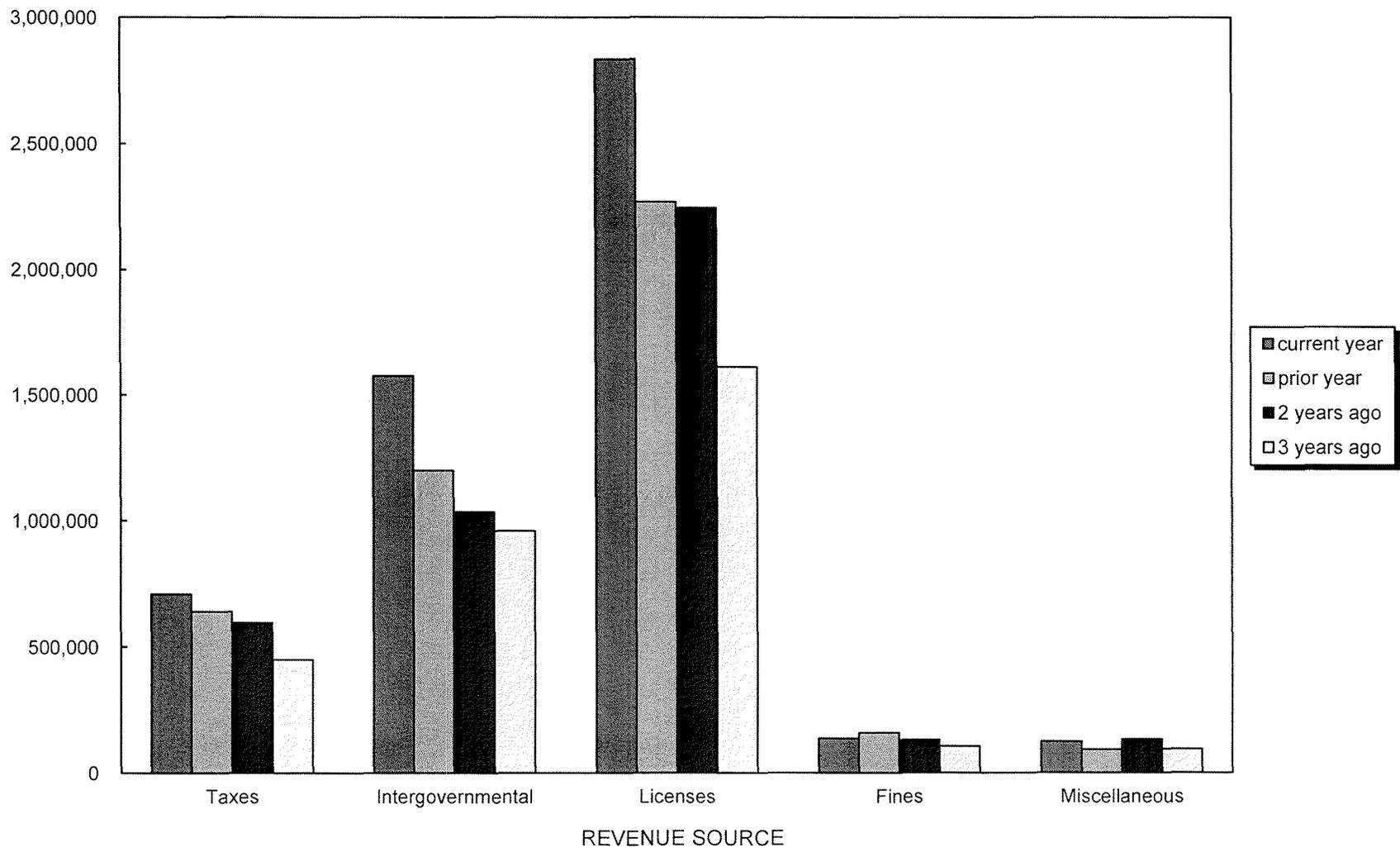
Requests for Information

This financial report is designed to provide a general overview of the Town of Nolensville, Tennessee's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

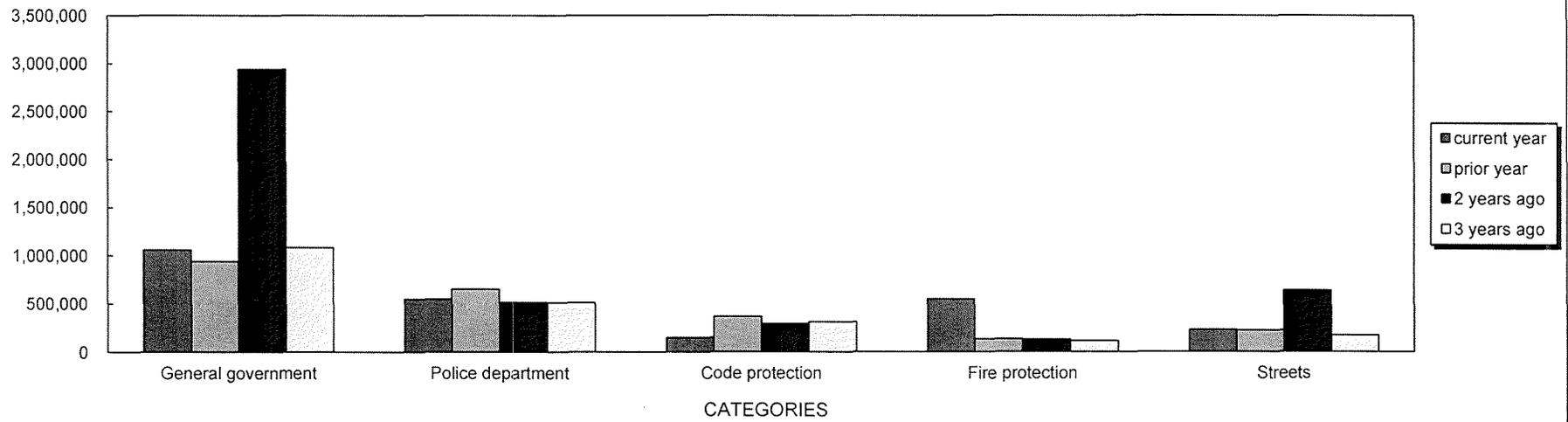
Kali Mogul
Town of Nolensville

TOWN OF NOLENSVILLE, TENNESSEE

GOVERNMENTAL FUND REVENUES



TOWN OF NOLENSVILLE
GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Net Position

June 30, 2016

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash and cash equivalents	\$12,257,084	12,257,084
Accounts receivable	695,347	695,347
Prepaid assets	50,091	50,091
Capital assets not being depreciated	278,753	278,753
Capital assets, net of accumulated depreciation	<u>5,765,538</u>	<u>5,765,538</u>
Total Assets	<u>\$19,046,813</u>	<u>19,046,813</u>
Deferred Outflows:		
Deferred outflow of resources - pension	<u>124,970</u>	<u>124,970</u>
Total Deferred Outflows	<u>124,970</u>	<u>124,970</u>
Liabilities:		
Accounts payable	\$56,377	56,377
Accrued expenses	1,665	1,665
Net pension position	29,429	29,429
Long-term liabilities:		
Due within one year	175,000	175,000
Due in more than one year	<u>5,262,000</u>	<u>5,262,000</u>
Total Liabilities	<u>5,524,471</u>	<u>5,524,471</u>
Deferred Inflows:		
Deferred inflow of resources - property taxes	375,000	375,000
Deferred inflow of resources - pension	<u>33,530</u>	<u>33,530</u>
Total Deferred Inflows	<u>408,530</u>	<u>408,530</u>
Net Position:		
Investment in capital assets, net of related debt	607,291	607,291
Restricted - state street	471,830	471,830
Restricted - drug fund	14,804	14,804
Restricted - facilities tax	3,664,433	3,664,433
Restricted - impact	4,204,869	4,204,869
Restricted - facilities school	189,833	189,833
Restricted - pension	62,011	62,011
Unrestricted	<u>4,023,711</u>	<u>4,023,711</u>
Total Net Position	<u>13,238,782</u>	<u>13,238,782</u>

See accompanying notes to financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2016

<u>Function/Programs</u>	<u>Program Revenues</u>			Capital Grants and Contributions	<u>Net (Expenses) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	Charges for Services	Operating Grants and Contributions		Governmental Activities	Total
Government Activities:						
General government	795,437	2,834,854	52,620	0	2,092,037	2,092,037
Police department	581,461	136,663	8,947	0	(435,851)	(435,851)
Fire department	149,575	0	0	0	(149,575)	(149,575)
Codes, planning and engineering	550,085	0	0	0	(550,085)	(550,085)
Highways and streets	379,860	0	234,717	0	(145,143)	(145,143)
Total Governmental Activities	<u>2,456,418</u>	<u>2,971,517</u>	<u>296,284</u>	<u>0</u>	<u>811,383</u>	<u>811,383</u>
General Revenues						
Property taxes					381,765	381,765
Public property taxes					93,803	93,803
Sales taxes					1,101,149	1,101,149
Alcohol taxes					201,576	201,576
Income and excise taxes					87,281	87,281
Franchise taxes					150,944	150,944
Interest income					87,685	87,685
Other income					9,492	9,492
Total general revenues					<u>2,113,695</u>	<u>2,113,695</u>
					Change in net position	2,925,078
					Net Position - beginning of year	10,313,704
					Net position - end of year	<u>13,238,782</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2016

<u>Assets</u>	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Facilities Tax Fund</u>	<u>Impact Fund</u>	<u>Facilities School Tax</u>	<u>Total</u>
Cash and cash equivalents	\$3,748,226	\$432,130	\$14,804	\$3,667,222	\$4,204,869	\$189,833	\$12,257,084
Accounts receivable	655,647	39,700	0	0	0	0	695,347
Prepaid assets	50,091	0	0	0	0	0	50,091
 Total Assets	<u>\$4,453,964</u>	<u>\$471,830</u>	<u>\$14,804</u>	<u>\$3,667,222</u>	<u>\$4,204,869</u>	<u>\$189,833</u>	<u>\$13,002,522</u>
<u>Liabilities, Deferred Inflows and Fund Balance</u>							
Liabilities:							
Accounts payable	\$53,588	\$0	\$0	\$2,789	\$0	\$0	\$56,377
Accrued expenses	1,665	0	0	0	0	0	1,665
Total Liabilities	<u>55,253</u>	<u>0</u>	<u>0</u>	<u>2,789</u>	<u>0</u>	<u>0</u>	<u>58,042</u>
Deferred Inflow of Resources:							
Deferred current property taxes	375,000	0	0	0	0	0	375,000
Deferred delinquent property taxes	4,689	0	0	0	0	0	4,689
Other deferred/unavailable- other governments	61,600	20,473	0	0	0	0	82,073
Total Deferred Inflow of Resources	<u>441,289</u>	<u>20,473</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>461,762</u>
Fund balance:							
Restricted	0	451,357	14,804	3,664,433	4,204,869	189,833	8,525,296
Non-spendable	50,091	0	0	0	0	0	50,091
Unassigned	3,907,331	0	0	0	0	0	3,907,331
Total Fund Balance	<u>3,957,422</u>	<u>451,357</u>	<u>14,804</u>	<u>3,664,433</u>	<u>4,204,869</u>	<u>189,833</u>	<u>12,482,718</u>
Total Liabilities, Deferred Inflow and Fund Balance	<u>\$4,453,964</u>	<u>\$471,830</u>	<u>\$14,804</u>	<u>\$3,667,222</u>	<u>\$4,204,869</u>	<u>\$189,833</u>	<u>\$13,002,522</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities

June 30, 2016

Amounts reported for fund balance - total governmental funds	\$ 12,482,718
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable and accrued contingencies are not due and payable in the current period and therefore are not recorded in the funds	
Long-term debt	(5,437,000)
Pension related accounts - governmental funds do not record these post-benefit obligations	
Net pension position	(29,429)
Deferred outflow - pension	124,970
Deferred inflow - pension	(33,530)
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	
	86,762
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	
Investment in capital assets, net of accumulated depreciation	<u>6,044,291</u>
Net position of governmental activities	\$ <u><u>13,238,782</u></u>

TOWN OF NOLENSVILLE, TENNESSEE

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2016

	General Fund	State Street Aid Fund	Drug Fund	Facilities Tax Fund	Impact Fund	Facilities School Tax	Total Governmental Funds
Revenues:							
Taxes	\$707,631	0	0	0	0	0	707,631
Intergovernmental	1,333,631	218,920	0	0	0	26,220	1,578,771
Licenses and permits	765,852	0	0	927,182	1,025,397	116,423	2,834,854
Fines and fees	135,068	0	1,595	0	0	0	136,663
Miscellaneous	61,053	2,611	113	27,837	29,388	2,575	123,577
Total Revenues	<u>3,003,235</u>	<u>221,531</u>	<u>1,708</u>	<u>955,019</u>	<u>1,054,785</u>	<u>145,218</u>	<u>5,381,496</u>
Expenditures:							
Current:							
General government	522,071	0	0	0	46,713	60,938	629,722
Police department	550,078	0	0	0	0	0	550,078
Fire department	149,575	0	0	0	0	0	149,575
Codes, planning and engineering	550,085	0	0	0	0	0	550,085
Highway and streets	202,923	27,513	0	0	0	0	230,436
Capital outlay:							
Facilities tax fund	0	0	0	0	0	220,744	220,744
Debt service							
Principal	0	0	0	166,000	0	0	166,000
Interest	0	0	0	51,962	0	0	51,962
Total Expenditures	<u>1,974,732</u>	<u>27,513</u>	<u>0</u>	<u>217,962</u>	<u>46,713</u>	<u>281,682</u>	<u>2,548,602</u>
Excess (deficiency) of revenues over expenditures	<u>1,028,503</u>	<u>194,018</u>	<u>1,708</u>	<u>737,057</u>	<u>1,008,072</u>	<u>(136,464)</u>	<u>2,832,894</u>
Fund Balance, Beginning of year	<u>2,928,919</u>	<u>257,339</u>	<u>13,096</u>	<u>2,927,376</u>	<u>3,196,797</u>	<u>326,297</u>	<u>9,649,824</u>
Fund Balance, End of Year	<u>3,957,422</u>	<u>451,357</u>	<u>14,804</u>	<u>3,664,433</u>	<u>4,204,869</u>	<u>189,833</u>	<u>12,482,718</u>

See accompanying notes to financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds:	\$ 2,832,894
Amounts reported for governmental activities in the statement of net position are different because:	
Expenses in the governmental funds that decrease long-term debt	
Loan principal payments	166,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,104
Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds	
Change in pension plan accrual	2,022
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition of capital assets	220,744
Depreciation expense	<u>(299,686)</u>
Change in net position of governmental activities	\$ <u>2,925,078</u>

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Taxes:				
Property taxes	\$349,922	\$349,922	\$381,292	31,370
Alcohol taxes	140,220	158,720	174,922	16,202
Cable and gas franchise	140,000	153,000	150,944	(2,056)
Penalty and interest	500	500	473	(27)
Total Taxes	630,642	662,142	707,631	45,489
Intergovernmental:				
TVA in lieu	90,867	90,867	93,803	2,936
Local sales tax	391,000	405,000	460,847	55,847
State sales tax	599,168	599,168	640,302	41,134
Grants	111,829	0	4,747	4,747
State supplement	4,800	20,305	4,200	(16,105)
State income tax	50,000	82,649	87,281	4,632
State beer and alcohol tax	25,568	25,568	26,654	1,086
State special petroleum tax	16,269	16,269	15,797	(472)
Total Intergovernmental Revenue	1,289,501	1,239,826	1,333,631	93,805
Licenses and Permits	446,916	495,582	765,852	270,270
Fines and fees	129,000	139,500	135,068	(4,432)
Miscellaneous:				
Other income	675	1,801	654	(1,147)
Donations	21,950	21,950	26,400	4,450
Insurance proceeds	0	0	8,838	8,838
Interest income	17,000	20,000	25,161	5,161
Total Miscellaneous	39,625	43,751	61,053	17,302
Total Revenues	2,535,684	2,580,801	3,003,235	422,434

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Expenditures:				
General Government:				
Current:				
Personnel costs	224,594	210,000	188,843	(21,157)
Payroll taxes	17,181	16,065	14,127	(1,938)
Employee benefits	33,707	34,706	33,993	(713)
Board of Mayor and Aldermen	116,456	152,229	153,211	982
Supplies	1,200	0	0	0
Utilities	0	0	1,682	1,682
Professional services	14,800	16,833	23,721	6,888
Repair and maintenance	1,653	3,000	3,019	19
Office expense	3,500	4,900	3,644	(1,256)
Dues and subscription	3,914	5,500	4,377	(1,123)
Travel and auto	1,300	4,000	3,620	(380)
Insurance	4,328	3,970	3,970	0
Building	110,855	90,363	86,580	(3,783)
Miscellaneous	10,800	10,800	1,284	(9,516)
	544,288	552,366	522,071	(30,295)
Debt service	0	0	0	0
Total General Government	544,288	552,366	522,071	(30,295)
Public Safety:				
Police department:				
Personnel costs	439,616	398,423	347,700	(50,723)
Payroll taxes	32,483	30,097	26,494	(3,603)
Employee benefits	94,314	80,513	74,262	(6,251)
Contract services	11,900	11,530	16,234	4,704
Memberships and dues	30,736	7,183	2,338	(4,845)
Supplies	1,850	3,945	22,369	18,424
Repair and maintenance	6,259	6,000	18,970	12,970
Uniforms	7,000	10,135	6,709	(3,426)
Auto expenses	38,000	37,500	14,361	(23,139)
Utilities	4,039	4,039	4,645	606
Insurance	40,240	34,679	14,815	(19,864)
Court	104,555	101,866	0	(101,866)
Miscellaneous	1,450	6,566	1,181	(5,385)
	812,442	732,476	550,078	(182,398)
Capital outlay	4,000	6,300	0	(6,300)
Total Police department	816,442	738,776	550,078	(188,698)

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2016

Continued,	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Codes, Planning and Engineering department:				
Personnel costs	271,149	297,094	331,285	34,191
Payroll taxes	20,743	20,815	25,294	4,479
Employee benefits	44,642	41,407	50,706	9,299
Memberships	3,160	2,860	1,958	(902)
Professional services	154,515	163,415	109,705	(53,710)
Supplies and maintenance	8,812	8,467	10,002	1,535
Vehicle expense	1,500	1,250	845	(405)
Insurance	13,862	14,090	18,697	4,607
Travel	3,989	2,100	1,486	(614)
Miscellaneous	0	250	107	(143)
	<u>522,372</u>	<u>551,748</u>	<u>550,085</u>	<u>(1,663)</u>
Capital outlay	0	0	0	0
Total Codes, Planning and Engineering	<u>522,372</u>	<u>551,748</u>	<u>550,085</u>	<u>(1,663)</u>
Street department:				
Personnel costs	137,901	130,600	115,104	(15,496)
Payroll taxes	10,504	9,945	8,830	(1,115)
Employee benefits	19,917	20,468	19,737	(731)
Repair and maintenance	9,729	17,200	26,569	9,369
Supplies	8,909	9,909	4,517	(5,392)
Street lighting and utilities	6,200	5,025	4,509	(516)
Insurance	8,780	8,787	10,146	1,359
Vehicle expense	13,369	12,869	4,596	(8,273)
Contractual services	8,369	8,369	8,619	250
Miscellaneous	900	1,350	296	(1,054)
	<u>224,578</u>	<u>224,522</u>	<u>202,923</u>	<u>(21,599)</u>
Capital outlay	0	2,000	0	(2,000)
Total Street department	<u>224,578</u>	<u>226,522</u>	<u>202,923</u>	<u>(23,599)</u>
Fire protection:	<u>149,575</u>	<u>149,575</u>	<u>149,575</u>	<u>0</u>
Total Expenditures	<u>2,257,255</u>	<u>2,218,987</u>	<u>1,974,732</u>	<u>(244,255)</u>
Excess (deficiency) of Revenues over Expenditures	278,429	361,814	1,028,503	666,689
Fund Balance, July 1, 2015	2,928,919	2,928,919	2,928,919	0
Fund Balance, June 30, 2016	<u>\$3,207,348</u>	<u>\$3,290,733</u>	<u>\$3,957,422</u>	<u>\$666,689</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Intergovernmental:				
Gasoline .03 tax	39,750	39,750	43,339	3,589
Gasoline 1989 tax	19,650	19,650	23,351	3,701
Gasoline and motor fuel	148,920	148,920	152,230	3,310
	208,320	208,320	218,920	10,600
Miscellaneous				
Interest	0	1,700	2,611	911
Total Revenues	208,320	210,020	221,531	11,511
Expenditures:				
Streets:				
Street maintenance	300,000	388,600	27,513	(361,087)
Capital outlay	0	0	0	0
Total Expenditures	300,000	388,600	27,513	(361,087)
Excess (deficiency) of revenues over expenditures	(91,680)	(178,580)	194,018	(372,598)
Fund Balance, July 1, 2015	257,339	257,339	257,339	-
Fund Balance, June 30, 2016	165,659	78,759	451,357	372,598

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Miscellaneous				
Fines	\$2,000	\$1,000	\$1,595	595
Interest	50	75	113	38
Total Revenues	2,050	1,075	1,708	633
Expenditures:				
Supplies	0	0	0	0
Total Expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	2,050	1,075	1,708	(633)
Fund Balance, July 1, 2015	13,096	13,096	13,096	-
Fund Balance, June 30, 2016	\$15,146	\$14,171	14,804	633

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Facilities Tax Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Miscellaneous				
Licenses and permits	\$571,280	\$617,600	\$927,182	309,582
Interest	20,400	23,000	27,837	4,837
Total Revenues	591,680	640,600	955,019	314,419
Expenditures:				
Debt Service	446,150	446,150	217,962	(228,188)
Capital outlay	0	0	0	0
Total Expenditures	446,150	446,150	217,962	(228,188)
Excess (deficiency) of revenues over expenditures	145,530	194,450	737,057	542,607
 Fund Balance, July 1, 2015	 2,927,376	 2,927,376	 2,927,376	 -
Fund Balance, June 30, 2016	3,072,906	3,121,826	3,664,433	542,607

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Impact Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Miscellaneous				
Licenses and permits	702,260	759,200	1,025,397	266,197
Interest	10,000	20,000	29,388	9,388
Total Revenues	712,260	779,200	1,054,785	275,585
Expenditures:				
Maintenance and supplies	145,750	145,750	46,713	99,037
Capital outlay	0	0	0	0
Total Expenditures	145,750	145,750	46,713	99,037
Excess (deficiency) of revenues over expenditures	566,510	633,450	1,008,072	374,622
Fund Balance, July 1, 2015	3,196,797	3,196,797	3,196,797	-
Fund Balance, June 30, 2016	3,763,307	3,830,247	4,204,869	374,622

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Facilities School Tax Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Miscellaneous				
Licenses and permits	86,400	100,000	116,423	16,423
Grants	1,124,760	1,144,760	26,220	(1,118,540)
Interest	1,000	2,000	2,575	575
Total Revenues	<u>1,212,160</u>	<u>1,246,760</u>	<u>145,218</u>	<u>(1,101,542)</u>
Expenditures:				
Professional services	1,352,160	1,380,256	60,938	(1,319,318)
Capital outlay	0	0	220,744	220,744
Total Expenditures	<u>1,352,160</u>	<u>1,380,256</u>	<u>281,682</u>	<u>(1,098,574)</u>
Excess (deficiency) of revenues over expenditures	(140,000)	(133,496)	(136,464)	(2,968)
 Fund Balance, July 1, 2015	 <u>326,297</u>	 <u>326,297</u>	 <u>326,297</u>	 <u>-</u>
Fund Balance, June 30, 2016	<u>186,297</u>	<u>192,801</u>	<u>189,833</u>	<u>(2,968)</u>

The notes accompanying the financial statements are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies

The Town of Nolensville, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, public improvements, and general administrative services. The accounting policies of the Town of Nolensville, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units at yearend.

Accounting Pronouncements:

Effective July 1, 2003 the Town adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the Town. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements. Government activities are normally supported by taxes and intergovernmental revenues.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers most governmental revenues as available if received within 45 days of years end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies, Continued

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

State Street Aid Fund - To account for the receipt and usage of the Town's share of State gasoline taxes.

Drug Fund - To account for the activity in the Town's Drug fund.

Facilities Tax Fund – To account for the Town Facility Tax and the expenditures related to the tax.

Impact Fund – To account for the Impact fee assessed on new developments.

Facilities School Tax – To account for the Town facility Tax to be used on future school infrastructure improvements.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Property Tax

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$0.15 per \$100 of assessed valuation for the fiscal year ended June 30, 2016. Payments may be made during the period from October 1 through February 28. Current tax collections of \$370,672 for the fiscal year ended June 30, 2016 were approximately 99 percent of the tax levy.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is provided over the estimated useful lives using the straight line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Furniture and Equipment	5-10 years

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental fund.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit, with original maturities three months or less and amounts held by local financial institutions.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist principally of cash and accounts receivable. The Town places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

Unavailable Revenue

Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, the Unavailable revenue is removed from the balance sheet and revenue is recognized.

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Town Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The Town implemented GASB 54, which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (Mayor), Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval (via ordinance) can fund balance amounts be classified as committed or assigned. Board approval (via ordinance) is required to establish, modify or rescind a fund balance requirement.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has deferred outflows related to its pension plan reporting.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for intergovernmental shared revenues, which do not meet the availability criteria in governmental funds. The Town has deferred inflows related to pension plan reporting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies, Continued

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Nolensville's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Nolensville's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

(2) Cash and Cash Equivalents

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the Town invested funds that were not immediately needed in certificates of deposits, savings accounts and investments in the State of Tennessee Local Government Investment Pool. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the town. The Town's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(3) Accounts Receivable

Accounts receivable at June 30, 2016, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Total</u>
General Fund	\$ 275,958	379,689	655,647
State Street Aid	<u>39,700</u>	<u>-</u>	<u>39,700</u>
Total	\$ <u>315,658</u>	<u>379,689</u>	<u>695,347</u>

(4) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statement is as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Land	\$ 58,009	220,744	-	278,753
Building	4,570,055	-	-	4,570,055
Furniture	31,525	-	-	31,525
Infrastructure	2,806,155	-	-	2,806,155
Equipment	<u>346,515</u>	<u>-</u>	<u>-</u>	<u>346,515</u>
Total	\$ <u>7,812,259</u>	<u>220,744</u>	<u>-</u>	<u>8,033,003</u>
Accumulated depreciation	<u>(1,689,026)</u>			<u>(1,988,712)</u>
Capital Assets, net	<u>6,123,233</u>			<u>6,044,291</u>

All assets are being depreciated except land of \$278,753.

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:

Police department	31,383
General government	118,879
Highways and streets	<u>149,424</u>
Total	<u>299,686</u>

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(5) Risk Management

The Town of Nolensville is exposed to various risks to general liability and property and casualty losses. The Town has decided it is more economically feasible to be in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The Town participates in the TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, and association of member municipalities. The Town pays an annual premium to the TML for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies.

The Town has not had any claims in excess of insurance coverage during the last three years.

(6) Long-Term Debt

The following schedule reflects the changes in general long-term debt, for the fiscal year ending June 30, 2016.

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>
Recreation center loan	1,964,000	-	64,000	1,900,000
Building construction loan	<u>3,639,000</u>	-	<u>102,000</u>	<u>3,537,000</u>
Total	5,603,000	-	166,000	5,437,000

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2016 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2017	175,000	46,358
2018	183,000	44,716
2019	193,000	42,985
2020	202,000	41,174
2021	212,000	39,453
2022-2026	1,231,000	164,345
2027-2031	1,571,000	100,299
2032-2036	<u>1,670,000</u>	<u>26,229</u>
Total	<u>5,437,000</u>	<u>505,559</u>

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(7) Pension Plan

General Information about the Pension Plan

Plan description. Employees of Nolensville are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated Title 8, Chapter 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>16</u>
Total	<u>31</u>

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2016

(7) Pension Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Employees contribute 5 percent of salary. Nolensville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, actuarially determined contribution (ADC) for Nolensville were (\$16,345) based on a rate of (2.48%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Nolensville's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Nolensville's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 percent

Salary increases Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation averaging 4.25 percent.

Investment rate of return 7.5 percent, net of pension plan investment expenses, including inflation.

Cost-of-Living Adjustment 2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2016

(7) Pension Plan, Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<i>Long-term Expected</i>		
<u>Asset class</u>	<u>Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real Estate	4.73%	7%
Short-term securities	0.00%	<u>1%</u>
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Nolensville will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

(7) Pension, Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 6/30/14	\$718,688	\$738,035	(\$19,347)
Changes for the year:			
Service cost	\$44,681		\$44,681
Interest	\$57,205		\$57,205
Differences between expected and actual experience	\$18,960		\$18,960
Contributions-employer		\$16,345	(\$16,345)
Contributions-employees		\$32,955	(\$32,955)
Net investment income		\$23,459	(\$23,459)
Benefit payments, including refunds of employee contributions	(\$1,259)	(\$1,259)	-
Administrative expense		(\$689)	\$689
Other changes		-	-
Net changes	\$119,587	\$70,811	\$48,776
Balance at 6/30/15	\$838,275	\$808,846	\$29,429

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Nolensville calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Nolensville's net pension Liability (asset)	162,291	(29,429)	(79,245)

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(7) Pension, Continued

Pension Expense (income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2016, Nolensville recognized pension expense of \$20,213.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, Nolensville reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	75,353	-
Net difference between projected and Actual earning on pension plan Investments	26,935	33,530
Contributions subsequent to the Measurement date of June 30, 2015	<u>22,682</u>	<u>-</u>
Total	<u>124,970</u>	<u>33,530</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2015,” will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	7,721
2018	7,721
2019	7,721
2020	18,898
2021	12,164
Thereafter	14,534

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2016

(8) Commitments and Contingencies

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

Litigation:

The Town has no lawsuits in which the outcome would not be material to the financial statements.

REQUIRED
SUPPLEMENTARY
INFORMATION

Schedules of Required Supplementary Information

Schedule of Changes in Nolensville's Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015
Total pension liability (asset)		
Service cost	\$42,778	\$44,681
Interest	\$45,363	\$57,205
Changes in benefit terms	-	-
Differences between actual & expected experience	\$78,351	\$18,960
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(\$19,734)	(\$1,259)
Net change in total pension liability (asset)	\$146,758	\$119,587
Total pension liability (asset)-beginning	\$571,930	\$718,688
Total pension liability (asset)-ending (a)	\$718,688	\$838,275
Plan fiduciary net position		
Contributions-employer	\$24,710	\$16,345
Contributions-employee	\$28,079	\$32,955
Net investment income	\$102,339	\$23,459
Benefit payments, including refunds of employee contributions	(\$19,734)	(\$1,259)
Administrative expense	(\$474)	(\$689)
Other	-	-
Net change in plan fiduciary net position	\$134,920	\$70,811
Plan fiduciary net position-beginning	\$603,115	\$738,035
Plan fiduciary net position-ending (b)	\$738,035	\$808,846
Net Pension Liability (asset)-ending (a) – (b)	(\$19,347)	\$29,429
Plan fiduciary net position as a percentage of total pension liability	102.69%	96.49%
Covered payroll	\$561,578	\$659,088
Net pension liability (asset) as a percentage of covered payroll	(3.45)%	4.47%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will added to this schedule in future fiscal years until 10 years of information is available.

TOWN OF NOLENSVILLE, TENNESSEE

**Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS**

For the Year Ended June 30, 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	<u>24,710</u>	<u>16,792</u>	<u>16,345</u>
Contributions in relation to the actuarially determined contribution	<u>24,710</u>	<u>16,792</u>	<u>16,345</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	<u>561,578</u>	<u>677,096</u>	<u>659,073</u>
Contributions as a percentage covered-employee payroll	<u>4.40%</u>	<u>2.48%</u>	<u>2.48%</u>

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively, and years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	10 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

SUPPLEMENTAL
INFORMATION

TOWN OF NOLENSVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Changes in Capital Assets

June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Land	58,009	220,744	0	\$278,753
Building	4,570,055	0	0	4,570,055
Furniture	31,525	0	0	31,525
Infrastructure	2,806,155	0	0	2,806,155
Equipment	<u>346,515</u>	<u>0</u>	<u>0</u>	<u>346,515</u>
Total capital assets	<u>7,812,259</u>	<u>220,744</u>	<u>0</u>	<u>8,033,003</u>

The notes accompanying the general purpose financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Capital Assets by Function and Activity

June 30, 2016

	<u>General Government</u>	<u>Police Department</u>	<u>Streets</u>	<u>Total</u>
Land	278,753	0	0	\$278,753
Building	4,474,881	0	95,174	4,570,055
Furniture	31,525	0	0	31,525
Infrastructure	2,806,155	0	0	2,806,155
Equipment	<u>12,500</u>	<u>213,688</u>	<u>120,327</u>	<u>346,515</u>
Total capital assets	<u>7,603,814</u>	<u>213,688</u>	<u>215,501</u>	<u>8,033,003</u>

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Cash and Cash Equivalents
All Funds

June 30, 2016

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$3,744,453
State Investment Pool	3,773
Total General Fund	<u>3,748,226</u>
Special Revenue Funds	
State Street Aid Fund:	
Demand deposits	426,528
State Investment Pool	5,602
Total State Street Aid Fund	<u>432,130</u>
Drug Fund:	
Demand deposits	14,804
Total Drug Fund	<u>14,804</u>
Facilities Tax Fund:	
Demand deposits	3,667,222
Total Facilities Tax Fund	<u>3,667,222</u>
Impact Fund:	
Demand deposits	4,204,869
Total Facilities Tax Fund	<u>4,204,869</u>
Facilities School Tax Fund:	
Demand deposits	189,833
Total Facilities Tax Fund	<u>189,833</u>
Total Special Revenue Funds	<u>8,508,858</u>
Total - All funds	<u><u>\$12,257,084</u></u>

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2016

<u>Tax Year</u>	<u>Balance July 1, 2015</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2016</u>
2016	\$ -	375,000	0	375,000
2015	337,915	35,000	370,672	2,243
2014	2,084	0	1,841	243
2013	643	0	510	133
2012	817	0	696	121
2011	779	0	714	65
2010	782	0	679	103
2009	809	0	90	719
2008	243	0	10	233
2007	829	0	0	829
	<u>\$344,901</u>	<u>410,000</u>	<u>375,212</u>	<u>379,689</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Tax Collections and Adjustments</u>	<u>Outstanding Taxes</u>
2016	0.15	375,000	0	375,000
2015	0.15	372,915	370,672	2,243
2014	0.15	337,915	337,672	243
2013	0.15	320,342	320,209	133
2012	0.15	292,845	292,724	121
2011	0.15	273,574	273,509	65
2010	0.15	250,085	249,982	103
2009	0.15	230,061	229,342	719
2008	0.06	83,134	82,901	233
2007	0.06	69,449	68,620	829
2006	0.04	34,003	34,003	0

All delinquent taxes have been filed with the County Trustee.

TOWN OF NOLENSVILLE, TENNESSEE
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2016

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2015</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2016</u>
State Program:								
N/A	Z15GHS430	Highway Safety Police Grant	Tennessee Department of Transportation	<u>0</u>	<u>2,080</u>	<u>0</u>	<u>2,080</u>	<u>0</u>
N/A	Z16GHS430	Highway Safety Police Grant	Tennessee Department of Transportation	<u>0</u>	<u>2,667</u>	<u>0</u>	<u>2,667</u>	<u>0</u>
N/A	STP-M-9400(56)	Street Improvements	Tennessee Department of Transportation	<u>0</u>	<u>26,220</u>	<u>0</u>	<u>26,220</u>	<u>0</u>
Total				<u>0</u>	<u>30,967</u>	<u>0</u>	<u>30,967</u>	<u>0</u>

This schedule prepared on the modified basis of accounting.

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Insurance Coverage

June 30, 2016

<u>Type of Coverage</u>	<u>Detail Coverage</u>	
<u>General liability:</u>	Per person bodily or personal injury	\$300,000
	Per occurrence or personal injury	700,000
	Per occurrence property damage	50,000
	Per occurrence each other loss	700,000
	Errors and Omissions liability	700,000
	Per occurrence medical payments limited to \$1,000 per person	10,000
	Per occurrence fire damage	50,000
	Per occurrence impounded property	25,000
<u>Property</u>	Limit of Coverage	4,803,780
<u>Employee Dishonesty</u>	Per Loss	150,000
<u>Workers Compensation</u>	Policy Limit	700,000

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Bonds - Principal Officials

June 30, 2016

Mayor

Jimmy Alexander \$ 150,000*

Board of Aldermen

Jason Patrick None
Larry Felts None
Brian Snyder None
Tommy Dugger None

CMFO and Treasurer

Kim Hardison \$ 150,000*

*Covered by Blanket Insurance Policy

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Debt Service Requirements

June 30, 2016

Year	TENNESSEE MUNICIPAL BOND FUND		TENNESSEE MUNICIPAL BOND FUND		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 107,000	25,394	68,000	20,964	175,000	46,358
2018	112,000	24,565	71,000	20,151	183,000	44,716
2019	118,000	23,692	75,000	19,293	193,000	42,985
2020	124,000	22,774	78,000	18,400	202,000	41,174
2021	130,000	21,811	82,000	17,642	212,000	39,453
2022	137,000	20,797	86,000	16,478	223,000	37,275
2023	143,000	19,738	90,000	15,448	233,000	35,186
2024	151,000	18,620	95,000	14,361	246,000	32,981
2025	158,000	17,450	100,000	13,217	258,000	30,667
2026	166,000	16,221	105,000	12,015	271,000	28,236
2027	174,000	14,933	110,000	10,756	284,000	25,689
2028	183,000	13,578	116,000	9,429	299,000	23,007
2029	192,000	12,157	121,000	8,044	313,000	20,201
2030	202,000	10,661	127,000	6,591	329,000	17,252
2031	212,000	9,092	134,000	5,058	346,000	14,150
2032	222,000	7,448	140,000	3,456	362,000	10,904
2033	234,000	5,716	147,000	1,774	381,000	7,490
2034	245,000	3,902	155,000	918	400,000	4,820
2035	257,000	1,999			257,000	1,999
2036	270,000	1,016			270,000	1,016
	\$ <u>3,537,000</u>	<u>291,564</u>	<u>1,900,000</u>	<u>213,995</u>	<u>5,437,000</u>	<u>505,559</u>

Both loans have variable interest rates.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Board of Aldermen
Town of Nolensville, Tennessee
Nolensville, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Nolensville's basic financial statements, and have issued a report thereon dated October 31, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Nolensville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Nolensville's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Nolensville's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (1998-001 Lack of segregation of Duties).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described below (1998-001) to be a material weakness.

The material weakness is as follows:

1998-001 Separation of Duties

Due to the limited number of personnel employed by the Town, several functions, which ideally should be performed by different individuals, are regularly performed by one or two persons. I recommend that the Town strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Management Response:

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Nolensville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The Town of Nolensville's response to the finding identified in the audit is described above. The Town of Nolensville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John R Poole, CPA

October 31, 2016

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2016

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
1998-001	Separation of Duties	Continues